RNS Number : 7043N
Georgian Mining Corporation
26 September 2019

Georgian Mining Corporation / EPIC: GEO / Market: AIM / Sector: Natural Resources

26th September 2019

Georgian Mining Corporation

('GEO' or the 'Company')

Interim Results

Georgian Mining Corporation is pleased to provide its interim results for the six-month period ended 30 June 2019.

Chairman's Statement

The continuing delay the Company faces with the government in Georgia regarding the extension of the exploration permit is wholly unacceptable. The delay is a result of a political issue outside of the Company's control, and as such requires a political solution. Political unrest in Georgia in June 2019 appears to have abated, and recent changes in the government in Georgia provide some basis for optimism that a solution may be on the horizon, but this continues to be unpredictable. As a consequence, the Company is very constrained in what can be shared publically, but we continue to explore all avenues for resolving the application and to engage with senior government officials and other influential parties to try to solicit an outcome. The Company continues to receive strong support from the British Ambassador and Embassy staff in Georgia; the British Government via its Trade Envoy to Georgia and Armenia; the Georgian Ambassadors to the United Kingdom and Canada; and selected British companies who are already successfully established and influential in Georgia and the region.

There would appear to be a stark contradiction between the treatment of the Company in respect of our exploration permit extension, and Government's wish to increase foreign direct investment and expand the resources sector.

In terms of costs and treasury, the Directors and Executive staff have not received any compensation for their strenuous efforts on behalf of the Company since May 2018, and this situation continues. As was announced on 23 May 2019, given the continued delays and resulting poor share price performance of the Company, the Board concluded it was appropriate to write-off their Directors fees owing since May 2018, with the exception of the Chief Executive who wrote off part of his fees.

Operating costs in Georgia continue to be at a minimum, with our joint venture partner continuing to contribute 50% to the cash costs. We continue to maintain our small team in country, at a low cost, with the aim of being able to commence work rapidly once the permit is issued.

As reported in the annual accounts for 2018, as a result of these continued delays the Directors have concluded that the Georgian exploration assets no longer fully meet the capitalisation criteria under IFRS 6 and have recognised an impairment provision against these assets until the good standing of the exploration permits is resolved. This impairment will be reversed once the permits have been renewed.

In May the Company raised £380,000 by way of a placing and we would like to again thank our shareholders for their continued support during this challenging period.

The interim accounts for the period ending 30 June 2019 will be posted to shareholders today, and are also available for download on the Company's website, www.georgianmining.com.

Financial
For the six-month period ended 30 June 2019 the Group is reporting a pre-tax loss of £384,827 (six months ended 30 June 2018: £655,160). The Group's net cash balance as at 30 June 2019 was £428,848 (six months ended 30 June 2018: £1,397,844).

Outlook

The Company will continue to try to unlock the permitting challenge with the Government in Georgia, and to further assess the potential for adding new assets into the Company on which we can add value in the short term.

Neil O'Brien
Non-Executive Chairman

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

ENDS

For further information please visit www.georgianmining.com or contact:

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About Georgian Mining Corporation

Georgian Mining Corporation has 50% ownership of the Bolnisi Copper and Gold Project in Georgia, situated on the prolific Tethyan Belt, a well-known geological region and host to many high-grade copper-gold deposits and producing mines. The Bolnisi concession covers an area of over 860 sq km and has a 30-year mining licence with a variety of targets and projects ranging from greenfield exploration / target definition phase through intermediate target-testing phases to more advanced projects including Kvemo Bolnisi East which will advance to Feasibility Study in the next phase. These projects are proximal to existing mining operations owned by the Company's joint venture partner, and their sister production company. Georgia has an established mining code and is a jurisdiction open to foreign direct investment.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**6 months to 30 June 2019 Unaudited £**	**6 months to 30 June 2018 Unaudited £**
Continuing operations			
Revenue		**83,145**	**63,413**
Administration expenses		**(407,796)**	**(837,374)**
Foreign exchange		**(8,184)**	**456,816**
Share option expense		**-**	**-**
Operating Loss		**(332,835)**	**(317,145)**
Share of loss from joint venture	5	**-**	**(181,111)**
Loss on disposal of subsidiary		**-**	**(156,916)**
Impairments	5	**(51,992)**	**-**
Finance income		**-**	**12**
Loss Before Income Tax		**(384,827)**	**(655,160)**
Income tax expense		**-**	**-**
Loss for the period		**(384,827)**	**(655,160)**
Loss attributable to:			
- owners of the Parent		**(384,827)**	**(643,648)**
- non-controlling interests		**-**	**(11,512)**
Loss for the period		**(384,827)**	**(655,160)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**1,022**	**261,959**
Total comprehensive income		**(383,805)**	**(393,201)**
Attributable to:			
- owners of the Parent		**(383,805)**	**(599,059)**
- non-controlling interests		**-**	**205,858**
Total comprehensive income		**(383,805)**	**(393,201)**
Earnings per share (pence) from continuing operations attributable to owners of the Parent - Basic and diluted	7	**(0.324)**	**(0.561)**

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2019 Unaudited £**	**31 December 2018 Audited £**
Non-Current Assets			
Property, plant and equipment		**18,839**	**34,042**
Investments in Joint Ventures	5	**-**	**-**
		18,839	**34,042**
Current Assets			
Trade and other receivables		**191,629**	**141,105**
Cash and cash equivalents		**428,848**	**525,354**
		620,477	**666,459**
Total Assets		**639,316**	**700,501**

Current Liabilities			
Trade and other payables		**196,521**	**242,701**
Total Liabilities		**196,521**	**242,701**
Net Assets		**442,795**	**457,800**
Equity Attributable to owners of the Parent			
Share premium account	6	**39,273,137**	**38,904,337**
Reverse acquisition reserve		**(18,845,147)**	**(18,845,147)**
Other Reserves		**137,042**	**136,020**
Retained losses		**(20,122,237)**	**(19,737,410)**
Total equity attributable to owners of the Parent		**442,795**	**457,800**
Non-controlling interest		**-**	**-**
Total Equity		**442,795**	**457,800**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share premium £	**Reverse acquisition reserve £**	**Other Reserves £**	**Retained losses £**	**Total £**	**Non-controlling interest £**	**Total equity £**
As at 1 January 2018	**38,880,612**	**(18,845,147)**	**384,099**	**(11,033,204)**	**9,386,360**	**3,787,365**	**13,173,725**
Comprehensive income							
Loss for the period	-	-	-	(643,648)	(643,648)	(11,512)	(655,160)
Other comprehensive income							
Currency translation differences	-	-	44,589	-	44,589	217,370	261,959
Total comprehensive income	-	-	44,589	(643,648)	(599,059)	205,858	(393,201)
Issue of ordinary shares	23,725	-	-	-	23,725	-	23,725
Share option charge	-	-	(168)	-	(168)	-	(168)
Deconsolidation of Georgian Copper and Gold	-	-	-	(11,512)	(11,512)	(3,993,223)	(4,004,735)
Total transactions with owners	23,725	-	(168)	(11,512)	12,045	(3,993,223)	(3,981,178)
As at 30 June 2018	**38,904,337**	**(18,845,147)**	**428,520**	**(11,688,364)**	**8,799,346**	**-**	**8,799,346**

	Share premium £	**Reverse acquisition reserve £**	**Other Reserves £**	**Retained losses £**	**Total £**	**Non-controlling interest £**	**Total equity £**
As at 1 January 2019	**38,904,337**	**(18,845,147)**	**136,020**	**(19,737,410)**	**457,800**	**-**	**457,800**
Comprehensive income							
Loss for the period	-	-	-	(384,827)	(384,827)	-	(384,827)
Other comprehensive income							
Currency translation differences	-	-	1,022	-	1,022	-	1,022
Total comprehensive income	-	-	1,022	(384,827)	(383,805)	-	(383,805)
Issue of ordinary shares	380,000	-	-	-	380,000	-	380,000
Issue costs	(11,200)	-	-	-	(11,200)	-	(11,200)
Total transactions with owners	368,800	-	-	-	368,800	-	368,800
As at 30 June 2019	**39,273,137**	**(18,845,147)**	**137,042**	**(20,122,237)**	**442,795**	**-**	**442,795**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30 June 2019 Unaudited £	30 June 2018 Unaudited £
Cash flows from operating activities		
Loss before taxation	**(384,827)**	**(655,160)**
Adjustments for:		
Depreciation	**15,202**	**20,376**
Finance income	**-**	**(12)**
Share based expense	**-**	**(168)**
Impairment of asset	**51,992**	**-**
Share of loss on joint venture	**-**	**181,111**
Loss on deconsolidation of Georgian Copper & Gold	**-**	**156,914**
Foreign exchange	**(494)**	**(663,648)**
Increase in trade and other receivables	**(50,790)**	**(261,913)**
Decrease in trade and other payables	**(45,913)**	**164,513**
Net cash used in operations	**(414,830)**	**(1,057,987)**
Cash flows from investing activities		
Interest received	**-**	**12**
Loans granted to joint venture partners	**(50,476)**	**(37,974)**
Purchase of property, plant & equipment	**-**	**-**
Additions to exploration and evaluation intangibles	**-**	**(87,008)**
Net cash used in investing activities	**(50,476)**	**(124,970)**
Cash flows from financing activities		
Proceeds from issue of shares	**380,000**	**23,725**
Cost of issue	**(11,200)**	**-**
Net cash from financing activities	**368,800**	**23,725**
Net (decrease) / increase in cash and cash equivalents	**(96,506)**	**(1,159,232)**
Cash and cash equivalents at beginning of period	**525,354**	**2,569,997**
Decrease in cash on deconsolidation	**-**	**(13,180)**
Exchange differences on cash	**-**	**259**
Cash and cash equivalents at end of period	**428,848**	**1,397,844**

Major non-cash transactions
There were no major cash transactions in the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General Information

The principal activity of Georgian Mining Corporation ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. The Company's shares are listed on the AIM Market of the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom. The Company was incorporated on 10 February 2010 under the name Gold Mining Company Limited. On 10 October 2016 the Company changed its name from Noricum Gold Limited to Georgian Mining Corporation.

The address of the Company's registered office is Trident Chambers, PO Box 146, Road Town, Tortola BVI.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 28 June 2019. The report of the auditors on those financial statements was unqualified but included a material uncertainty relating to going concern paragraph.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2019.

The factors that were extant at the 31 December 2018 are still relevant to this report and as such reference should be made to the going concern note and disclosures in the 2018 Annual Report.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2018 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.georgianmining.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2018 Annual Report and Financial Statements. Actual amounts may differ from these estimates. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting Policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the impact of the adoption of the Standards and interpretations described below and new accounting policies adopted as a result of changes in the Group.

3.1 Changes in accounting policy and disclosures

(a) *Accounting developments during 2019*

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2019 but did not results in any material changes to the financial statements of the Group.

The following standards were adopted by the Group during the year:

- IFRS 16 - Leases (effective 1 January 2019)
- IFRS 9 (Amendments) - Prepayment features with negative compensation (effective 1 January 2019)
- Annual Improvements 2015-2017 Cycle
- IAS 19 - Plan amendment, curtailment or settlements (effective 1 January 2019)
- IAS 28 - Long term interests in associates and joint ventures (effective 1 January 2019)
- IFRIC 23 - Uncertainty over income tax treatments (effective 1 January 2019)

IFRS 16 became effective for the Group as of 1 January 2019 and was adopted from this date. IFRS 16, which replaces IAS 17, leases, requires the Group to recognise lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of the old standards.

Management have assessed all arrangements which could be considered to contain a lease and assessed the impact of transition to the new standard on the financial statements. There has been no material effect of transition to the Group as there are no material lease arrangements in the Group.

(b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standard		Effective date
IFRS 3 (Amendments)	Business Combinations	1 January 2020
IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2020
IAS 8 (Amendments)	Accounting policies, Changes in Accounting Estimates	1 January 2020
IFRS 17	Insurance	1 January 2021

* Subject to EU endorsement

The Directors are actively considering the effects upon the financial statements and at the time of approval do not consider that the financial statements will be subject to material changes.

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2019 (2018: nil).

5. Joint venture

On 15 March 2018, the Company entered into a Deed of Variation with its joint venture partner in Georgian Copper & Gold ('GCG') in relation to the ongoing operations of the operating company, future work programmes and budgets. As a result, both shareholders now have equal representation on the board of GCG and therefore, from that date, the subsidiary was derecognised and the ongoing 50% ownership accounted for as a joint venture.

The joint venture did not generate any revenue in the period. During the period, the Company loaned GCG £51,992 to finance current operations, this amount has been impaired in the Company's accounts due to the continued licence approval delays.

Name of entity	**Address of the registered office SI 2017/980**	**% of ownership interest**	**Nature of relationship**	**Measurement method**
Georgian Copper & Gold JSC	6 Saakadze Descent, 2nd Fl. Tbilisi 0171, Georgia	50	As above	Equity

Commitments and contingent liabilities in respect of joint ventures

The share of loss of the joint venture for the period was £93,624. This has been capped at the total value of the investment previously recognised, which had been impaired to £Nil in the prior period. The Group has no obligation or commitments to contribute to any losses in excess of the carrying value of the investment.

6. Share capital and share premium

	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
Issued and fully paid				
As at 1 January 2018	**114,574,492**	**-**	**38,880,612**	**38,880,612**
Warrant Exercised - 26 January 2018	182,500	-	23,725	23,725
As at 30 June 2018	**114,756,992**	**-**	**38,904,337**	**38,904,337**
As at 1 January 2019	114,756,992	**-**	**38,904,337**	**38,904,337**
Share issue - 23 May 2019	19,000,000	-	368,800	368,800
As at 30 June 2019	**133,756,992**	**-**	**39,273,137**	**39,273,137**

7. Loss per share

The calculation of the total basic loss per share of 0.324 pence (2018: 0.561 pence) is based on the loss attributable to equity owners of the parent company of £384,827 (2018: £643,648) and on the weighted average number of ordinary shares of 118,850,915 (2018: 114,731,785) in issue during the period.

No diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2018.

8. Fair value estimation

There are no financial instruments carried at fair value.

9. Fair value of financial assets and liabilities measured at amortised costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these items equate to their carrying values as at the reporting date.

10. Commitments

All commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2018.

11. Events after the balance sheet date

On 5 June 2019, the Company has granted warrants over 3,376,553 ordinary shares of no par value SP Angel Corporate Finance LLP. The warrants are exercisable at 1.3p per share and expire on 30 June 2024.

12. Approval of interim financial statements

The condensed interim financial statements were approved by the Board of Directors on 25 September 2019 .

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